

United States Senate

WASHINGTON, DC 20510

March 23, 2009

The Honorable Kent Conrad
Chairman
Committee on Budget
United States Senate
Washington, DC 20510

The Honorable Judd Gregg
Ranking Member
Committee on Budget
United States Senate
Washington, DC 20510

Dear Chairman Conrad and Ranking Member Gregg:

Now that President Obama has submitted his Fiscal Year 2010 budget framework, we understand the daunting task that faces you in crafting a fiscally responsible budget resolution. As you begin this process, we wanted to bring to your attention one proposal included in the President's budget that causes us great concern – the total elimination of the Federal Family Education Loan (FFEL) program beginning in 2010.

Since 1965, this public-private partnership between the federal government and private lenders as well as non-profit organizations has helped more than 60 million Americans pay for college. It is the preferred program of three-fourths of the nation's post-secondary institutions, and FFEL lenders have a track record of superior service and continuous innovation. Tens of thousands of people work for the lenders, loan servicers, guarantors and other vendors that are involved in providing these federally guaranteed loans.

This proposal has sweeping implications that must be considered carefully. For example, the Department of Education's capacity to more than quadruple its annual direct loan volume from approximately \$15 billion to \$65 billion over night is questionable. Additionally, the impact on the national debt must also be considered, since every dollar lent by the direct loan program is borrowed by the U.S. Treasury and added to the national debt.

We agree with the President that the entire financial aid system, including federal student loan programs require careful evaluation. However, a rush to judgment by eliminating the entire FFEL program is clearly not the way to go.

On behalf of students, parents, schools and the student loan community, we ask that you not include any provision in your Fiscal Year 2010 Budget Resolution that assumes or attempts to effectuate the elimination of the guaranteed student loan program.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mike Johanns", written over a horizontal line.A handwritten signature in dark ink, appearing to read "Lamar Alexander", written over a horizontal line.

Jim Bunning

Orin G. Hatch

Jim R. Smith
Jim Clark

John Ensign

Bob Sten

Mike B. Enzi

Pat Roberts

John Barrasso
J. Hume

John R. Thune

Lee Hefner

Don Kyl

Bob F. Bennett